GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:31
ANSWERED ON:18.07.2017
Streamlining of FCI
Jardosh Smt. Darshana Vikram;Ram Shri Vishnu Dayal

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the details of action taken or proposed to be taken to streamline the functioning of the Food Corporation of India (FCI);
(b) whether the Government intends to bifurcate FCI into various segments and if so, the details thereof;
(c) whether the Government has constituted a high level committee to suggest the means for the eradication of corruption in FCI and if so, the details thereof;
(d) whether the said committee has made recommendations to phase out the departmental labour system or its services and if so, the details thereof and the reasons therefor; and
(e) the action taken by the Government on the recommendations of this committee?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAMVILAS PASWAN)
(a)to (e): A statement is laid on the table of the House
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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE STARRED QUESTION NO. *31 DUE FOR ANSWER ON 18.07.2017 IN THE LOK SABHA

(a): A High Level Committee (HLC) under the Chairmanship of Shri Shanta Kumar was set up, to recommend on restructuring of Food Corporation of India (FCI), after considering various aspects of present structure and functional areas of the organization and consulting various stakeholders.

The latest position on Action Plan for implementation of major recommendations of the High Level Committee (HLC) concerning Food Corporation of India (FCI) is enclosed as Annexure-I.

(b): No, Madam.

(c): No Madam.

(d) & (e): In view of (c) above, the question does not arise.

However, the High Level Committee headed by Shri Shanta Kumar, Hon'ble MP (Lok Sabha) had recommended to rationalize the FCI labour system so that reliance on departmental labour, which results in heavy payments, is reduced.

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ANNEXURE

ANNXURE REFERRED TO IN REPLY TO PART (a) OF THE STARRED QUESTION NO. *31 DUE FOR ANSWER ON 18.07.2017 IN THE LOK SABHA

Major Recommendations of High Level Committee and Action Taken thereon

Sl. No.	Recommendations	Action Taken
1.	FCI to hand over all procurement operations of wheat, paddy and rice to states that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement. These States are Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab.	FCI has already handed over procurement operation to State Governments in Andhra Pradesh, Chhattisgarh, Odisha and Madhya Pradesh fully. FCI is participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.
2.	FCI will accept only the surplus (after deducting the needs of the states under NFSA) from these state govts. (not millers) to be moved to deficit states.	For Decentralized Procurement (DCP) States only surplus food grains are accepted by FCI.
3.	FCI should move on to help those states where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc.	During KMS 15-16, total quantity of 70.70 LMT rice was procured in comparison to 53.65LMT rice procured during KMS 14-15. During ongoing KMS 2016-17, 65.83 LMT rice has been procured as on 11.07.2017.
4	DFPD/ FCI at the Centre should enter into an agreement with states before every procurement season regarding costing norms and basic rules for procurement.	GOI has finalized the tripartite MOU between FCI, Non-DCP States and Government of India for procurement of Paddy/Rice.
5	In case of any bonus being given by State on top of MSP, Centre will not accept grains under the central pool beyond the quantity needed by the state for its own PDS/ OWS.	This has been implemented.

6
The statutory levies including commissions need to be brought down uniformly.
The Ministry of Finance has been requested that all State taxes, cess and other charges are subsumed in GST for foodgrain so as to increase the efficiencies of procurement operation and its subsequent movement and sale.
7
Quality checks in procurement have to be adhered to, with the help of mechanized processes of quality checking.
15 computerized rice analyzers have been installed in 15 selected depots for undertaking rice analysis for KMS 2016-17, as pilot project.
8
Levy on rice millers be done away with.
This has been implemented.
...2/-
...2...
9
Negotiable warehouse receipt system (NWRs) should be taken up on priority and scaled up quickly through the Warehousing Development and Regulatory Authority
Government has approved a transformation plan for WDRA to streamline its functions and to increase the use of NWRs. As part of the transformation plan, the rules for registration of warehouses has been amended and notified in order to simplify the registration process.
10
Currently, MSPs are announced for 23 commodities, HLC recommends that pulses and oilseeds deserve priority and GoI must provide better price support operations for them.
In KMS 2016-17, FCI has procured 64737.25MT of Moong, 18234.68 MT of Urad and 175299.03 MT of Tur.
11
FCI should outsource its stocking operations to various agencies.
Instructions to hire CWC/SWC godowns as per existing procedures and to hire godowns through tendering process wherever there is shortfall have been issued.
12
India needs more bulk handling facilities a Silo capacity of about 100 LMT (together for wheat and rice) should be created in the next 3-5 years.
â€¢ Govt. of India has approved Action Plan for construction of 100 LMT silos upto 2019-20.
â€¢ Silos with railway sidings at 6 locations (VGF route) for 2.5 LMT have been sanctioned. 25000 MT silo at Kotkapura has been put to use in RMS 2017-18.
â€¢ State Government of M.P. and Punjab have completed 4.5 LMT and 1.5 LMT Silo respectively.
â€¢ Work has been awarded and Concession Agreements have been signed for 13.5 LMT at 26 locations under Non-VGF route, which are with railway siding.
â€¢ Under DEA-VGF mode at Kaimur & Buxar (total 1 LMT), tenders have been floated.
13
Covered and plinth (CAP) storage should be gradually phased out with no grain stocks remaining in CAP for more than 3 months. Silo bag technology and conventional storages where ever possible should replace CAP.
As per the recommendations of HLC, the hired CAP capacity of 1.94 LMT was de-hired. No stock has been stored in CAP in consuming Regions.
14
Each State, especially the deficit ones in difficult terrain (like hilly areas of North-East, Jammu and Kashmir etc), must have storage of grains for at least three months of their consumption requirement.
Existing storage capacity in NE Zone is 5.47 LMT, which is adequate to store 3 months requirements. Construction works for 16,910 MT are in progress under Plan Scheme and 25,000 MT under PEG scheme.
Total covered storage capacity with FCI in J&K is 2.45 LMT (Owned 1.03 LMT and Hired 1.42 LMT) which is sufficient to store 3 month's requirement. The average monthly allocation in J&K is 0.64 lakh MT.
...3/-
...3...
15
HLC observed huge disparity in wages of various kind of labour force engaged by FCI. This happens because of the incentive system in notified depots, and widely used proxy labour. This must be fixed, either by de-notifying these depots, or handing them over to states or private sector on service contracts, and by fixing a maximum limit on the incentives per person that will not allow him to work for more than say 1.25 times the work agreed with him. These depots should be put on priority for mechanization so that reliance on departmental labour reduces.
HLC recommends that the condition of contract labour, which works the hardest and are the largest in number, should be improved by giving them better facilities.
â€¢ Ministry of Labour & Employment however issued notification dated 06.07.2016 exempting 226 FCI depots/railheads/godowns from the applicability of earlier notification for a period of 2 years
â€¢ Consequent upon Exemption Notification, FCI pooled/ repositioned of 9462 Labourers, out of which 9193 labourers have already repositioned.
â€¢ The recommendation of capping incentive could not be accepted on grounds that it would lead to delay in unloading at the railheads.
â€¢ However in pursuance to the award passed by CGIT, Karkardooma, Delhi on 05.07.2016, the datum of departmental labour has been revised from 105 Bags per worker per day to 135 Bags per worker per day which has resulted in reduction of incentive to about 30%.
â€¢ As such there is likely saving of approx. Rs. 200 Crs. per annum after implementation of revised datum.
â€¢ 30 no's of prototype set of Machines (Bag stacker) comprising of flat belt conveyor and MS stacker were set up at 27 depots across the country on pilot basis. Trial found not successful.

â€¢ Bulk storage & movement of Food grains has been included in the action plan which indirectly emphasizes the mechanical handling of food grains and will thus reduce the labour dependency and requirement.
â€¢ Nodal Officers have also been nominated to ensure better facilities and adequate welfare provisions like EPF, Minimum Wages, ESI, Workmen Compensation etc. and facilities like canteen/restrooms, urinals, and drinking water facilities.
16
To liquidate stocks in OMSS or in export markets, whenever stocks go beyond the buffer stock norms.
Excess stock is disposed through e-auction under OMSS (D).
17.
End to end computerization of TPDS
Depot Online System is currently operational at 521 depots.
The NFSA beneficiary database has been completely digitized in all the States/UTs and is available on the PDS portal. All the States/UTs have also set up the facility for online grievance redressal/toll free labour helpline numbers. Supply chain has been automated in 20 States/UTs. Government is also automating fair price shops through installation of electronic Point of Sale devices for biometric authentication of beneficiaries and electronic capturing of transactions. So far about 1.78 lakh FPS, have been automated.
18
Targeted beneficiaries under NFSA or TPDS are given 6 months ration immediately after the procurement season ends.
Instructions allowing the state to lift 6 months allotment at a time have been issued.
19.
Gradual introduction of cash transfer.
Cash transfer for foodgrains has been implemented in three UT i.e. Chandigarh, Puducherry and Dadra & Nagar Haveli (in Urban areas).
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